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Understanding Chinese and Polish terminology of securities

Chińska i polska terminologia dotycząca giełdy i papierów wartościowych

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Abstract

This article gives basic information on the stock exchanges in China and Poland and a short description of the terminology related to securities, which is difficult to understand for translators. The language and vocabulary used in Chinese and Polish financial markets have been studied following the method of parallel texts comparison. The author shows the meaning of terms and their equivalents in Chinese and Polish. The common factor affecting the terminology of both investigated languages is the English terminology source. Due to that fact, the meaning of the borrowed terminology in Poland and China is similar or exactly the same.

1. Introduction.

The securities business has rapidly expanded in the last few years. The Chinese People's Republic has recently become one of the most attractive regions as far as investment is concerned. The economy of that region develops fast which is a direct result of cheap labour force, enormous sales market, competitiveness of products manufactured in China and the increasing popularity of the Far East. But China is not very popular among Polish investors. Only a small number of people invest directly in shares of Chinese companies, and indirectly in funds which invest their assets in Chinese shares. It is partly due to the fact that Chinese market is not easily accessible. However, observing the situation in other European countries one may state that at a certain moment also Polish investors will start investing their money in China. Such a situation will require the participation of various

mediators in the process, that is to say: brokers, banks, and/or Chinese translators. The rights sold on the Stock Exchange are formulated in a way which is difficult to understand for linguists and translators and therefore such texts may pose numerous translational problems and threats. Consequently the translational error occurrence may lead to huge financial losses.

Securities are a very special institution of the law of contract. They may serve various purposes. Firstly, they may be used as a credit instrument, payment instrument, guarantee instrument or for evidential purposes. Their aim is to identify the enterprises and entities at the moment of performing one's obligations or to facilitate the transfer of the rights of a creditor. The translator without legal education may encounter various problems connected with finding and understanding regulations on securities. There is no one uniform and comprehensive legal regulation which would refer to all types of securities. The provisions which regulate the transfer of securities may be found in the Polish Civil Code, and many other acts which regulate that sphere, e.g. laws on bonds, laws on public sale of securities, cheque laws, bill of exchange laws and even bank laws. Securities may be divided depending on types of property rights represented by them. That is why they are divided into four categories. The first category is composed of securities which state the money debts strictly specified as to the debt amount and maturity: **bills of exchange** (*weksle*, 票据 *piàojù*), **cheques** (*czeki*, 支票 *zhīpiào*), **bonds** (*obligacje*, 債券 *zhàiquàn*), **pawntickets** (*listy zastawne*, 抵押債券 *dīyā zhàiquàn*), **warrants** (*warranty*, 认股权证 *rèngǔ quánzhèng*). The second category is composed of securities representing debts which depend on the occurrence of some event: **insurance policies** (*polisy ubezpieczeniowe*, 保险单 *bǎoxiǎndān*) and **lottery tickets** (*losy loteryjne*, 将券 *jiāngquàn*). The third category is composed of securities called **shares** (*akcje*, 股份 *gǔfèn*), that is to say securities expressing rights in share companies. The fourth category is composed of documents giving the right to dispose of goods which are under the authority of the document issuer. Among others the following securities belong to that group: **bills of lading** (*konosamenty*, 提(货)单 *tí(huò)dān*) and **warehouse receipts** (*dowody składowe*, 仓单 *cāngdān*) (Kufel, Siuda, 1996: 267-268). Due to the fact that

the topic of securities is very elaborate, the article refers only to the securities traded in Mainland of the People's Republic of China, excluding Hong Kong SAR, Macao SAR and Taiwan region.

2. The history of the Chinese and Polish Stock Exchanges.

The earliest activity in the securities markets in China can be identified as far back as 1914, when the Shanghai government enacted legislation to permit the trading of securities in Shanghai. Over-the-counter (OTC) trading prevailed until 1920, when China's first securities exchange was established in Shanghai to trade in treasury bonds (Dipchand, C.R., Zhang Yichun, Ma Mingjia, 1994: 147). Financing Chinese enterprises or government expenditures through securities offerings is a practice which has returned since the Cultural Revolution. Communist ideology notwithstanding, Shanghai stock trading resumed in 1986 for the first time since the 1949 revolution. Two stocks were traded. Shares in other state and collective enterprises have been traded on experimental exchanges established in Guangzhou, Beijing, Shenyang and elsewhere (Folsom, Minan, Otto, 1992:313-314). At present, there are two stock exchanges in mainland China: the Shanghai Stock Exchange (SSE, 上海证券交易所 Shànghǎi zhèngquàn jiāoyìsuǒ) and the smaller Shenzhen Stock Exchange (深圳证券交易所 Shēnzhèn zhèngquàn jiāoyìsuǒ). The Shanghai Stock Exchange was founded in 1990, and the Shenzhen Stock Exchange in 1991. In the past, trading with shares was contradictory to socialist ideology, but due to the opening of Chinese economy and changes in the legal system, the Chinese trading floor has changed and flourished. Between 1990 and 2000 the amount of companies listed in the Chinese stock exchange increased from 10 to 1088 (Heilmann, 2001:2). Nowadays the stock exchanges in mainland China list more than 1 200 companies. The stock exchange in Shanghai is the biggest one in China. In December 2006 there were 842 companies listed there. Furthermore, there were 579 companies listed in the Shenzhen Stock Exchange (37-38). Most of the companies on these markets are controlled by the Chinese government. A Chinese stock market can be characterized as a policy-driven market, that is to say the market on which politics and administrative interference are more important than the dynamics of market competition for determining price fluctuations (Heilmann, 2002:3).

The third Stock Exchange is to be set up in Tianjin. It is to use the software necessary for the creation of a special trade system (www.money.pl/gielda/wiadomosci/artykul/niemiecka;gielda;w;chinach,23,0,230679.html).

There are also 1 financial futures exchange, 3 commodity futures exchanges and 183 futures brokerage companies in China (China's securities and futures markets, February, 2007: 4). The China Financial Futures Exchange (CFFE) was founded on 8 September 2006 jointly by the SHSE and the SZSE, the Shanghai Futures Exchange (SHFE), the Dalian Commodity Exchange (DCE) and the Zhengzhou Commodity Exchange (ibidem, 40). As of December 2006, the SHFE had a total of 209 members. At that time copper, aluminium, rubber and fuel oil contracts were traded there. The DCE had in 2006 194 members. The corn, soybean, bean meal and bean oil contracts are traded at the DCE. The ZCE had in 2006 226 members. The traded products on the ZCE include wheat, cotton, mung bean, sugar, wheat and cotton (ibidem, 44-45). Futures brokerage companies are the leading intermediaries in the futures market.

The Stock Exchange in Warsaw was opened for the first time in 1817. In 1938 130 securities were listed on the Warsaw Stock Exchange. The outbreak of the Second World War interrupted the existence of the Stock Exchange. After the War was over political and economic changes made it impossible to reopen the Warsaw Stock Exchange. For over 60 years the stock exchange ceased to exist in Poland. In March 1991 the Act on Public Trading in Securities and Trust Fund was adopted and in April the State Treasury set up the Warsaw Stock Exchange joint-stock company

<http://www.gpw.pl/gpw.asp?cel=ogieldzie&k=2&i=/historia/historia&sky=1>).

3. Stock Exchange Supervision.

Both Polish and Chinese Stock Exchange are subject to the supervision of the state and Stock Exchange laws. In Poland the Stock Exchange trade and operations are regulated by: the Polish National Depository for Securities (Krajowy Depozyt Papierów Wartościowych SA (KDPW)) and the Polish Securities and Exchange Commission (Komisja Papierów Wartościowych i Giełd (KPWiG)) (<http://www.kdpw.pl/pl/kdpw/Strony/Funkcje.aspx>). In China, prior to 1993, the People's Bank of China (PBOC, 中国人民银行 *Zhōnghuá rénmin yínháng*) was the

regulatory organization responsible for the supervision of the securities market. In 1992, the State Council Securities Commission (SCSC, 国务院证券委员会 *Guówùyuàn zhèngquàn wěiyuánhùi*) and its administrative entity, the China Securities Regulatory Commission (CSRC, 中国证券监督管理委员会 (中国证监会) *Zhōngguó zhèngquàn jiāndū guǎnlǐ wěiyuánhùi* (*Zhōngguó zhèngjiānhùi*), replaced the PBOC as the regulatory agencies responsible for the securities market (Zimmerman, 1999:371).

4. Characteristic features of selected securities.

Documents incorporating specified rights of property character are the object of trade at the market of securities. The most important group is composed of the so-called debt securities and equity securities. Most of the securities exist nowadays in an electronic form but one may still encounter some physical papers e.g. bonds which are in the form of paper sheets.

The financial market is composed of two basic instruments:

- (i) spots, and
- (ii) derivatives.

Those instruments differ as far as the mode of settling a transaction is concerned. In the case of spots the transaction (the contract) should be performed immediately after its conclusion. Whereas in the case of derivatives the contract performance is spread in time.

4.1. Shares.

The most popular spot-type instrument is a **share** (**akcja**, 股份 *gǔfèn*) which is an instrument of a specified nominal value which is a part of share capital of the company. From the point of view of the shareholder, a share is a security bringing a fluctuating profit and the amount of the profit is not known at the moment the share is bought on the capital market. Shares may be divided in order to decrease their nominal value and increase the number of potential buyers. As a rule, shares are halved and as a result the shareholder of one share becomes a shareholder of two shares which does not affect the financial value of the capital possessed in the form of shares. One share constitutes one vote at the General Meeting of Shareholders of a given company. In fact one vote usually does not affect the operation of the company as companies usually issue thousands or even

millions of shares. Only a person having a larger amount of shares called a lot may in fact decide about the operation and fate of a given company).

A part of company's profit which is divided among the shareholders and which is paid out is called a **dividend** (**dywidenda**, 红利 **hónglì**). A dividend is usually paid out once a year. If it is paid more frequently, it is usually in the form of a prepayment. Each shareholder is entitled to a dividend, but not every company pays it out. Some companies prefer to retain the profit or part of the profit for future investments. Such a decision usually affects the price of a share – the increase in the price in the future (Sopoćko, 2003:11-12).

Shares which may be found in the financial market nowadays usually have the following features: nominal value, issuing value, and market value. A **nominal value** (**wartość nominalna**, 面值 **miànzhí**) is the portion of the share capital for one share. What is even more important, shares cannot be sold at the primary market below their nominal value as it would not result in gathering a suitable amount of the share capital. An **issuing value** (**wartość emisyjna**, 发行值 **fāxíngzhí**) is the price at which the issuer offers shares to the buyer on the primary market. The price may be set by the issuer, by the issuer and the entity selling the shares on the primary market, or in the form of the tender. A **market value** (**wartość rynkowa**, 市场价值 **shìchǎng jiàzhí**) is the real share value at a given moment on a given financial market. This value depends on the relation between the demand and supply for given shares (Proniewski, Niedźwiedzki, 2002:105-106).

There are many different types of shares. Shares of most renowned companies which are very stable as far as their value and dividend are concerned and are called **blue chips** (**akcje blue chips**, 优良股票 **yōuliáng gǔpiào** / 蓝筹股 **lánchóugǔ**). Preferred shares or **preferred stock** (**akcje uprzywilejowane**, 优先股 **yōuxiāngǔ**) give a wider array of rights than the ordinary shares. The additional rights may be a larger number of votes per share or a fixed dividend no matter the profit. **Bearer shares** (**akcje na okaziciela**, 无记名股票 **wújì míng gǔpiào**) encompass the majority of the market. Each owner of a bearer share has a right to sell it to another person, and the share issuers do not know the majority of their shareholders. The access to the

information on the shareholder is limited to the Revenue Services and audit bodies, other institutions need the consent of the shareholder to get the access to the information. The opposite of the bearer securities are the so-called registered securities. **Registered shares** (**akcje imienne**, 记名股票 **jì míng gǔ piào**) are much less popular. The trade in registered shares is limited and the bodies of the company know the shareholders. Every time the securities change the owner the company must give its consent for such a transfer of rights. **Deposit Receipts** (**kwity depozytowe**, 存托凭证 **cúntuō píngzhèng**) (**ADR-American Deposit Receipt** - 美国存托凭证 **Měiguó cúntuō píngzhèng**, **GDR-Global Deposit Receipt** - 全球存托凭证 **quánqiū cúntuō píngzhèng**) may be treated as the equivalent of shares. The owners of deposit receipts have the same rights as shareholders but they do not exercise those rights directly. The issuer of the receipt buys shares of a given company and places them in **trust banks** (**bank powierniczy**, 信托银行 **xìntuō yínháng**) as a deposit. Next, on the basis of the deposit receipts are issued. Each of them represents a strictly specified number of shares of a given company. Finally, the receipts are sold to investors. In that case the number of buyers depends on the reputation of the bank and the issuer. That is why the deposit receipts are usually used by unknown companies or companies of the countries which want to enter foreign markets (e.g. Polish companies entering the British foreign market may use the GDR). The rights in shares are exercised via the trust-bank (Sopoćko, 2003:12-15).

The time from the moment the subscription for shares is placed till the moment they appear first on the market first may last even a few weeks during which investors have their assets frozen. It happens so because they do not have the shares, which can be sold and they do not have the money they paid for them in the subscription process. In order to encourage investors to buy shares special certificates are sold. They are called **allotment certificates** (**prawa do akcji PDA**, 按股分配 **àn gǔ fēnpèi**). Allotment certificates are securities which give the right to obtain a certain number of shares from a company. The transactions in allotment certificates gives investors the chance to use the frozen money and those who want to buy them may purchase shares before they will be traded on the public market.

(http://www.gpw.pl/gpw.asp?cel=edukacyjne&k=72&i=/edukacja/papiery_wart/pda&sky=1).

The Chinese market of securities differs from other security markets in the world due to a different division of shares into their types. Due to the opening of the Chinese to the outside world. There are two types of stocks being issued in Mainland China: **A shares (akcje typu A, A 股份 A gǔfèn)** and **B shares (akcje typu B, B 股份 B gǔfèn)**. A shares are priced in the local currency and refer to the common shares issued by the companies incorporated and registered in mainland China and traded by domestic entities or retail investors, excluding investors from Taiwan, Hong Kong and Macau. B shares are denominated in Chinese currency, but subscribed and traded in Shanghai in U.S. dollars and in Shenzhen in Hong Kong dollars. They are available to both domestic and foreign investors. After reforms were implemented in December 2002, foreign investors are allowed (with limitations) to trade in A shares via the Qualified Foreign Institutional Investor (QFII) system. Chinese enterprises access international capital markets by issuing H shares in Hong Kong, N shares in New York and L shares in London. Meanwhile, a total of 143 domestic companies have issued H shares overseas. 141 have been listed on the Hong Kong Exchanges and Clearing Ltd. *10 were dually-listed in Hong Kong and New York; 4 dually-listed in Hong Kong and London; 1 triply-listed in Hong Kong, New York and London; and 2 solely listed in Singapore* (China's securities and futures markets, February 2007: 55).

4.2. Bonds.

There are also the so-called **debt securities (papiery dłużne, 信用债券 xìnyòng zhàiquàn)**. They are a form of incurring a debt without the necessity to pay the bank margin, which is paid when borrowing money from the bank. In the case of debt securities there is no supervision over the money usage as it happens in the case of bank credits. Among the debt securities there are e.g. **bonds (obligacje, 债券 zhàiquàn)**, which confirm the existence of a certain amount of debt and the obligation to pay out damages. The profit percentage of bonds is not conditioned by the profit of the company probably with the exception of company's insolvency. The rates of bonds, however, are not fixed because they are affected

among others by the inflation rate, the currency in which bonds are denominated as well as the date and form of depreciation. The most common bonds on the Polish and Chinese markets are treasury bonds, convertible bonds and corporate bonds.

The most secure securities are the bonds of public institutions that is treasury bonds and municipal bonds. Treasury bonds (**obligacje skarbowe**, 国债 **guózhài**) are issued to cover the budget deficit. The issuer (the government) borrows from the bond purchaser (creditor) a certain sum of money and obliges itself to return it at a specific date with interest or discount. Among the treasury bonds there are bonds with discount maturity up to one year. Depending on the period for which they have been issued, bonds and nominal values in trade in Poland may be divided into: 2-year bonds, 3-year bonds, 5-year bonds, 10-year bonds and 20-year bonds. The nominal value of such bonds is PLN1000 zł, and in some cases PLN100.

(http://www.gpw.pl/gpw.asp?cel=edukacyjne&k=77&i=/edukacja/papiery_wart/obligacje&sky=1).

There are three types of bond markets in China: the on-exchange bond market, interbank bond market and OTC market. China's bond markets consist of T-bonds (treasury bonds), corporate bonds, financial bonds, convertible bonds and short-term corporate notes. (China's Securities and Futures Markets, China Securities Regulatory Commission, February 2007:3)

In Chinese all bonds are fixed coupon bonds. There are quarterly bonds, annual bonds, 3-year bonds, 5-year bonds, 7-year bonds, 10-year bonds and 20-year bonds.

http://www.sse.com.cn/sseportal/webapp/datapresent/ZQSearch1Act?reportName=BizCompZQSearchRpt&BOND_CODE=&BOND_NAME

Local authority bonds also called **municipal bonds** (**obligacje komunalne**, 市债券 **shì zhàiquàn**) are an example of long-term bonds which are not issued by the state. Their aim is to provide liquidity of local authorities. Sometimes they are used to limit the indebtedness of self-governments by the obligatory application of mortgages. We should also mention here **mortgage bonds** (**obligacje hipoteczne**, 抵押债券 **dīyā zhàiquàn**), which are a form of protection of long-term return rate investments. There are also **corporate bonds**

(obligacje przedsiębiorstw, 企业债 qǐyè zhài). The reputation of the company or corporation makes them attractive as they are issued by such entities. Among debt securities we may also distinguish foreign currency bonds (**obligacje wyrażone w walucie obcej, 外币债券 wàibì zhàiquàn**). Among them the most popular ones are: **samurai bonds (obligacje samurajskie, 外国日圆债券 / 武士债选 wàiguó rìyuán zhàiquàn / wǔshì zhàixuǎn),** paid in yens, or **yankee bonds (obligacje jankeskie, 扬基债券 / 洋基债券 yángjī zhàiquàn / yángjī zhàiquàn)** or **Spanish Matador bonds (obligacje matadorskie, 门牛士债券 mén niú shì zhàiquàn).** There are also **Eurobonds (obligacje europejskie or euroobligacje, 欧洲债券 Ōuzhōu zhàiquàn)** which may be sold on international markets in any currency. Among them we may include Polish treasury bonds denominated in Euro and sold abroad. The name derives from the fact that they are denominated in various currencies and initially they have been sold by London investment banks in Europe (Kozliński, 2005:26). Eurobonds are bearer bonds. Most of the bonds are **fixed rate bonds (obligacje stałokuponowe / obligacje o oprocentowaniu stałym, 固定利率债券 gùdìng lìlǜ zhàiquàn),** which have a coupon that remains constant throughout the life of the bond. In the periods of intensified inflation **floating rate bonds (obligacje o ruchomym oprocentowaniu, 浮动利率债券 fúdòng lìlǜ zhàiquàn)** are issued. The reference rate is linked then to a specific parameter (e.g. a rate of interest). There are also **zero-coupon bonds (obligacje zerokuponowe, 无利息的债券 wú lìxī de zhàiquàn / 无利息的债券 wú xī de zhàiquàn),** which pay no regular interest typical of other bonds. Their profitability is based on the fact that they are issued at a substantial discount to par value. That is to say, they are sold below their par value and bought at the par value price on the redemption date. They are used when the need arises for the long-term saving investments, having the advantages of bonds and at the same time being free from a complicated system of calculating their actual value. Among those bonds there are also **convertible bonds or loan stock (obligacje zamienne, 可转换债券 kě zhuǎnhuàn zhàiquàn / 可兑换摘选 kě duìhuàn zhàixuǎn).** Convertible bonds can be converted into shares under certain pre-

agreed conditions. Convertible bonds are attractive when the prices of shares are relatively higher than the prices of bonds. We may also distinguish sinking bonds (**obligacje wykupywane okresowo**, 沉没债券 **chéngmò zhàiquàn**) [translation proposal of the author]. The issuer of such bonds is obliged to buy them periodically at the market or par value price. **Junk bonds** (**obligacje śmieciowe** or **obligacje tandetne**) are in turn called in Chinese 垃圾债券 **lājī zhàiquàn**. Formerly they have been issued by companies at the verge of bankruptcy or insolvency. They are high risk bonds due to the amount of issuer's debts. The issuers of junk bonds very often go bankrupt. Those bonds are preferred by large brokerage firms which may have a varied portfolio of such bonds. Consequently, the risk is spread, and even if the majority of transactions are failures, a few successful ones give an active balance of purchases.

Benchmarks (**benchmarki**, 基准标记 **jīzhǔn biāoji**), that is to say certain series of debt securities (characteristic of specific maturity periods, which facilitate turnover organization) are used to brief on the debt securities market (Sopoćko, 34-35).

What is interesting the Chinese Mainland has become the second biggest holder of US T-bonds, ranking before the United Kingdom and after Japan (http://english.people.com.cn/200208/09/eng20020809_101194.shtml).

4.3. Derivatives.

Derivatives (**instrumenty pochodne** / **derywaty**, 衍生物 **yǎnshēngwù** / 衍生品 **yǎnshēng pǐn** / 衍生工具 **yǎnshēng gōngjù** / 衍生产品 **yǎnshēng chǎnpǐn**), are another type of securities which are sold on the derivatives market. The term *derivatives* means that we deal with something secondary, based on something else, which does not exist self-sufficiently, independently. The English term '**derivatives**' has been borrowed from Latin '*derivatio*' ('derive from, take out of'). Poles have also used Latin core and now call those instruments '*derywaty*'. Derivatives are secondary instruments which are sold on the commodity market and other financial markets. The main features of derivatives include: the time span between the purchase agreement and the date of transaction performance and payment day. Derivatives are high risk securities and require accurate forecasting of price trends on a given market. The longer a given

instrument exists on a given market, the higher the investment risk. Another very characteristic feature of derivatives is the relationship between the underlying instrument and the derivative as the price of derivatives does not depend on the price of shares, but it depends on the fluctuations of their rates. Thus, derivatives are usually subject to short-term speculations.

4.3.1. Forwards.

Among the most basic derivatives we may include **forwards** (forward contracts) (forwardy) - 远期合约 *yuǎnqī héyuē*. Forwards are contracts to deliver a specific asset (e.g. goods, currencies, shares), at a given time at a given price. Forward contracts are sold only on the primary market and that is why they cannot be sold to another purchaser. As the liquidity of forward contracts is very limited they are not subject to speculation. Therefore, they are mainly used to protect the parties against the risk of the fluctuations of interest rates or foreign exchange rates. Forwards are used in the case of agreements which are not sold on the stock exchange.

4.3.2. Options.

Options (another type of derivatives) (**opcje**, 选择权 *xuǎnzé quán*) give their purchasers the right to buy or sell a given **underlying instrument** (**instrument bazowy**, 选择权的基础商品 *xuǎnzéquán de jīchǔ shāngpǐn*) at a given time (the option's expiration time) and at a given price. The price is called the strike price. Options, in general, are divided into (i) **call options** (**opcje kupna**, 买入选择权 *mǎirù xuǎnzé quán* / 买权 *mǎiquán* / 看涨期权 *kànzhǎng qīquán*) and **put options** (**opcje sprzedaży**, 卖出选择权 *màichū xuǎnzé quán* / 卖权 *màiquán*). The main feature of options is the fact that sellers and purchasers have different scope of duties. The mode in which the option is exercised affects the option style. We may distinguish the following main option styles: European options and American options. The purchaser of a **European option** (**opcja europejska**, 欧洲选择权 *Ōuzhōu xuǎnzé quán*) may exercise his right only at the expiration. The purchaser of an **American option** (**opcja amerykańska**, 美国选择权 *Měiguó xuǎnzé quán*) may exercise the option on any trading day on or before expiration. It should be

stressed here that the option market has its own very elaborate terminology which would require a separate paper to discuss in detail.

4.3.3. Warrants.

Another type of derivatives is called a **warrant** (**warrant**, 认股权证 *rèngǔ quánzhèng*). Warrants are financial instruments the price of which depends on the price or value of an underlying security. A security, currency, economic index (an index, an interest rate) or other value may be an underlying security in this case. Due to the subject issuing the warrant, we may divide them into: **traditional warrants** (**warranty subskrypcyjne**, 股本认股权证 *gǔběn rèngǔ quánzhèng*) and **naked warrants** (**warranty opcyjne**, 备兑认股权证 *bèidùì rèngǔ quánzhèng*). Traditional warrants may be issued by stock companies and they represent the right to acquire shares at a given price in the company issuing the bond. The naked warrants, on the other hand may be issued by banks and other financial institutions such as brokerage firms for the shares of other companies which are present on the stock exchange market. A specific form of warrants is called the **subscription right** (**prawo poboru**, 认股权利 *rèngǔ quánlì*), which is issued in the case of a new issue of shares. It is a privilege of priority to buy new shares by the actual shareholders. The subscription right protects the company and actual shareholders against possible negative effects of actions of new shareholders, who could possibly obtain the majority of share capital. The actual shareholders, however, may sell their subscription right on the Stock Exchange. Currently, warrants are the only financial derivatives available on China's capital market. More financial derivatives like stock index futures, T-bonds futures and options are expected to emerge as the China Financial Futures Exchange was founded in September 2006 (China's Securities and Futures Markets, China Securities Regulatory Commission, February 2007:4).

4.3.4. Futures.

Future contracts (**kontrakty futures / kontrakty terminowe**, 期货合同 *qīhuò hétóng*) are similar to options. Futures are contracts in which both the seller and buyer are protected. They are also defined as the sale or purchase with a delayed delivery in which both parties to a contract file proper security which is to prevent them from terminating the contract with the detriment to the other

partner. The basic difference between future contracts and options is that in the case of the former the duties of the seller and purchaser are the same.

4.3.5. Swaps.

Another type of the contract between the purchaser and the seller is the so-called **swap (swap, 掉期 *diàoqī*)**. This contract specifies terms and conditions of mutual payments which depend on a specific market parameter e.g. an interest rate. In this type of contracts one of the partners covers the difference resulting from the increase in a given parameter or collects the amount, which has been gained by the second partner in the case the parameter has dropped.

5. Over-the-Counter Market.

Discussing stock exchange markets we should also remember about the public Over-the-Counter-Market (OTC) (**pozagięldowy rynek papierów wartościowych, 场外交易市场 *chǎngwài jiāoyì shìchǎng***).

In Poland the market is called the MTS-CeTO. The MTS-CeTO is an institution having a license to regulate the over-the-counter market. It is allowed to create the platforms for electronic stock and financial instrument turnover also on the so-called non-regulated market (the market which is not supervised by the Financial Supervision Commission). The institution was established in January 1996 under the name of Centralna Tabela Ofert S.A. [Central Offer Table, joint stock company] thanks to over 20 biggest Polish banks and brokerage firms. Debt securities are sold on the CeTO market (<http://www.mts-ceto.pl/>). What is interesting in, in 1998 there were over a dozen over-the-counter stock exchanges in China. Provincial and municipal governments set up exchanges without the approval from the central government to allow trading for smaller companies. But in 1998 the State council issued regulations to close the unofficial OTC exchange (Zimmerman, 1999:370).

6. Concluding Remarks

The majority of securities and stock exchange terminology in Polish and Chinese are different types of borrowings including calques from English (New York and London Stock Exchanges). Of course the main reason of that fact is that the Polish and Chinese stock exchanges are relatively young in comparison with London Stock Exchange or New York Stock Exchange. The common factor affecting the terminology of both investigated languages is the English terminology

source. Due to that fact, the meaning of the borrowed terminology in Poland and China is similar or exactly the same. Of course there are non-equivalent terms as well such as A股份□B股份, but such terminology is conditioned by the differences between political systems and differing legal realities of those two countries.

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